



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

May 27, 2011

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From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum contains a change in County position on legislation related to the notification of intent of a city or library district to withdraw from a county library system; an update on County-sponsored legislation relating to enhancement of the County's Homeowner Notification Program; the status of four County-advocacy bills; and information on five County-interest bills relating to municipal bankruptcy and the State parks system.

Change in County Position on Legislation

County-supported-if-amended AB 438 (Williams), which as amended on April 4, 2011, would require a city or the board of trustees of a library district that intends to operate the library or libraries with the help of a private contractor that will employ library staff to: 1) publish notice of the intent to withdraw from the county free library system; 2) submit the decision to withdraw for voter approval at a regularly scheduled election; and 3) notify the county board of supervisors of approval by the voters to withdraw from the county free library system.

The Sacramento advocates have learned that the author will not accept the County's requested amendments, which would remove the existing withdrawal requirements that only apply to the counties of Los Angeles and Riverside and would expand voter approval requirement to any cities that wish to withdraw from a county public library system. Since these amendments were not adopted, **the Sacramento advocates will remove County support of AB 438, if amended, and take no position on this measure.** The Sacramento advocates will continue to seek to include proposed changes to withdrawal provisions in existing law that applies to Los Angeles County in other legislation.

"To Enrich Lives Through Effective And Caring Service"

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Status of County-Sponsored Legislation

County-sponsored SB 62 (Liu), which as introduced on January 3, 2011, would enhance the County's existing Homeowner Notification Program to authorize the County to: 1) notify homeowners and renters subject to notices of default or sale; 2) collect a fee for notification upon the recording of a notice of default or sale; and 3) use a portion of the recording fee to provide information, counseling, or assistance to a person who receives the notice. This measure is set for hearing in the Assembly Local Government Committee on June 15, 2011.

Status of County Advocacy Legislation

County-opposed AB 720 (Hall), which would limit the flexibility of counties who utilize Road Commissioner Authority for work on roads and highways for more than maintenance and emergency work and effectively prevent these counties from using the Uniform Public Construction Cost Accounting Act, was amended on May 23, 2011.

The amendments limit the percentage of work that can be performed under Road Commissioner authority for construction and reconstruction to 20.0 percent of all non-maintenance force account road work done in a county the previous year. According to the Department of Public Works (DPW), the result will be a continual decrease in the department's ability to perform new or reconstruction work with their own work force in future years, except for the annual period following a year with significant non-maintenance force account road work done as a result of emergencies.

Since the 20.0 percent limit is measured in dollars and will continually decrease by 80.0 percent each successive year, DPW indicates that their existing staff would have to shrink over time due to the loss of work even if there are no pay raises. The resulting reduction in staff would erode DPW's ability to meet both normal operational and emergency needs. DPW states that the amendments further reduce the existing flexibility that counties have to perform work on roads and highways for more than maintenance and emergencies at a time when more flexibility is needed. AB 720 is currently pending a vote on the Assembly Floor.

County-supported SB 568 (Lowenthal), which would prohibit, beginning January 1, 2014, a food vendor from dispensing prepared food to a customer in a polystyrene foam food container, and would give a food vendor that is a school district until January 1, 2015 to comply with the bill's requirements, was amended on May 23, 2011.

The amendments would allow a food vendor: 1) that is a school district to dispense prepared food to a customer in a polystyrene foam food container after January 1, 2015 if the governing board of the school district adopts a policy to implement a verifiable recycling program for polystyrene foam food containers where there is a reasonable likelihood that at least 60.0 percent of these containers purchased annually will be recycled; and 2) to dispense prepared food to a customer in a polystyrene foam food container after January 1, 2014 in a city or county if the city or county adopts an ordinance establishing a specified recycling program for polystyrene foam food containers where there is a reasonable likelihood that at least 60 percent of these containers will be recycled. SB 568 is currently pending a vote on the Senate Floor.

County-supported SB 586 (Pavley), which as amended on May 10, 2011, would regulate the issuance of signature stamps, double the fines for crimes committed against elder and dependent adults, and dedicate the increased revenue from these fines to Adult Protective Services agencies, passed the Senate Appropriations Committee by a vote of 5 to 3 on May 23, 2011. This measure now proceeds to the Senate.

County-opposed SB 594 (Wolk), which as amended on May 11, 2011, would: 1) require all laboratory services necessary for local public health departments to be provided by a city or county's public health laboratory; 2) allow counties to contract for laboratory services with other city or county public health laboratories or with the State Department of Public Health; 3) expand the types of services that must be performed by a city or county-operated public health laboratory; and 4) require the State Department of Public Health to develop and administer written examinations to certify public health microbiologists, and to establish minimum requirements and standards for laboratories that train public health microbiologist-trainees, passed the Senate Appropriations Committee by a vote of 5 to 3 on May 23, 2011. The measure now proceeds to the Senate.

Legislation of County Interest

AB 42 (Huffman), which as amended on May 16, 2011, would authorize the California Department of Parks and Recreation (CDPR) to enter into an operating agreement with a qualified nonprofit organization for the operation, development, improvement, restoration, care, maintenance, and administration of a unit or units, or portion of a unit of the State Park System. The bill would state that the Legislature finds and declares that current State Budget resources will force the closure of State parks and nonprofit organizations can be important partners to assist with operating State parks in order to keep them open. These provisions would sunset on January 1, 2019.

The bill would authorize CDPR to enter into an operating agreement with a qualified nonprofit organization that is a 501(c) (3) organization and has as its principal purpose and activity to provide visitor services in State parks, facilitate public access, improve park facilities, provide interpretive and educational services, or provide direct protection or stewardship of natural, cultural or historical lands or resources. CDPR would be authorized to enter into an operating agreement with a nonprofit for the entirety of a State park only to the extent that the agreement would enable it to avoid closure of a State park that may otherwise be subject to closure. The bill also would limit to 20 the number of State parks for which CDPR may enter into an agreement for the operation of an entire State park. An operating agreement would be required to honor existing concession contracts, specify the duties that the nonprofit would be responsible for carrying out and identify management duties that would continue to be conducted by CDPR. All revenues received from the State park unit would be expended for the operation, development, improvement, restoration, care, maintenance and administration of the unit.

AB 42 is sponsored by the California State Parks Foundation and supported by Audubon California, California League of Park Associations, Central Coast Natural History Association, Chino Hills State Park Interpretive Association, Friends of Pio Pico, Inc., Friends of Santa Cruz State Parks, Mendocino Area Parks Association, Stewards of the Coast and Redwoods, and The Nature Conservancy. There is no registered opposition on file. AB 42 passed the Assembly Floor by a vote of 75 to 1 on May 19, 2011. This measure is currently in the Senate Rules Committee awaiting assignment to a policy committee.

AB 64 (Jeffries), which as amended on April 11, 2011, would state that the Legislature finds and declares that the California Department of Parks and Recreation (CDPR) may close parks due to possible future State Budget reductions and cites the intent of the Legislature to encourage CDPR to actively seek to negotiate operating agreements with local governments for the operation of State parks to minimize the number of State park closures.

AB 64 is sponsored by the City of Riverside and supported by the California State Parks Foundation. There is no registered opposition on file. This measure failed passage on the Assembly Floor by a vote of 32 to 19 on May 2, 2011, but was granted reconsideration.

AB 506 (Wieckowski), which as amended on March 31, 2011 would impose mediation requirement for local agencies, prior to seeking Chapter 9 bankruptcy protection under the Federal bankruptcy process.

Current law authorizes municipalities to file a bankruptcy petition under the Federal bankruptcy process under Chapter 9 and provides financially-distressed municipalities protection from its creditors while the municipality develops and negotiates a plan for adjusting its debts.

AB 506 would require a local government to participate in mediation prior to filing bankruptcy under Federal bankruptcy laws. The mediator would issue a good faith certificate that the parties participated in mediation and either resulted in an agreement for debt readjustment, or certify that continued mediation will not contribute to a resolution. AB 506 would also require the California Debt and Investment Advisory Commission to adopt mediation guidelines.

According to the Chief Executive Office Employee Benefits Branch, AB 506 would give the mediator power to force parties into mediation and the mediator would have to certify that the agency acted in good faith during mediation. Generally, a mediator attempts to bring the parties closer together to reach an agreement and does not have enforcement power. However, under AB 506, the mediator is given power far beyond the normal scope of a mediator's functions.

According to the State Association of Counties, given the complex nature of governance and funding of public services in California, it is difficult to envision a mediation process as proposed under AB 506 that would be timely and effective for local governments in fiscal distress. Additionally, unlike typical mediation in the private sector, where a mediator is brought in to help resolve issues between parties who wish to come to a resolution, AB 506 gives the mediator extraordinary powers and forces all parties, even those not interested in a resolution, into a mediation process.

The League of California Cities indicates that AB 506 would create criteria and conditions that are bias against local government agencies to the benefit of labor interests. The League adds that the bill would be an intrusion by the State into local affairs and further, it would not be useful for municipalities.

The California Chamber of Commerce, indicates that AB 506 presents several concerns to California's businesses: 1) debts and contracts would remain unpaid as the local government entities will cease to function or would be dissolved; 2) local entities would raise fees, assessments and taxes on the community's residents and businesses at a time when jobs need to be created and the economy stimulated; and 3) the State is already facing a cash crisis and budget deficit and if the State takes over the provision of services for a city, it would place further strains on the State Budget.

According to the author, the State has a vested interest in protecting taxpayers from the effects of an ill-advised bankruptcy and this bill will help local public entities and elected officials make the most responsible decisions for the communities they represent. Further, under current law, there is nothing to prevent a frivolous bankruptcy petition or one that is politically motivated and local elected officials currently have little guidance to determine if a bankruptcy is merited or necessary.

AB 506 is supported by California Labor Federation, California Nurses Association and the California Professional Firefighters Association. It is opposed by the California Chamber of Commerce, California Special Districts Association, California State Association of Counties, Howard Jarvis Taxpayers Association, League of California Cities, Regional Council of Rural Counties and the Urban Counties Caucus.

AB 506 was placed in the Assembly Appropriations Committee suspense file on May 18, 2011.

SB 356 (Blakeslee), which as amended on May 3, 2011, would give a city or county the option to operate and maintain a State park that the California Department of Parks and Recreation (CDPR) proposes to fully close with no planned public access. The bill also would permit a city or county to enter into negotiations with the CDPR for a term of one to five years with an option to renew upon the conclusion of the agreement.

SB 356 would: 1) require CDPR to notify the county in which the State park unit is located of its intent to close the park; 2) provide an unspecified time period from receipt of the notice for a county board of supervisors to respond in writing to CDPR on whether it will consider voluntarily taking over operation and maintenance; 3) allow a county to elect to take over operation and maintenance of the unit upon a majority vote of the county board of supervisors at a public hearing that provides an opportunity for input from community stakeholders; and 4) require the county, following approval at a public hearing, to provide written notice to CDPR within an unspecified time period of the notice of its intent to take over operation and maintenance of a park. The bill would require CDPR to notify the city in which the State park is located of its intent to close the park if the board of supervisors fails to respond to the notice or a majority of the board of supervisors opposes taking over operation and maintenance. The bill also would establish procedures for a city to assume responsibility for operation and maintenance of the park.

Additionally, SB 356 would require CDPR to enter into negotiations to transfer the full responsibilities for operation and maintenance with a county or city that provides notification of its intent to take over a State park slated to be closed. An agreement entered into would require that the county or city operate and maintain the unit

consistent with the general plan for the unit or the State Park System. The bill also would require capital improvements or changes in the use of the State park unit to be approved by CDPR.

The Department of Beaches and Harbors (DBH) indicates that the bill would provide an alternative to closing State parks by providing local jurisdictions with the option of taking over the operation and maintenance of units that are set to be closed for budgetary reasons. DBH operates Dockweiler State Beach and Will Rogers State Beach and indicates it is not likely that CDPR would propose to close units that are currently operated by local entities because these facilities operate at no cost to the State. DBH is currently negotiating with CDPR on a new operating agreement for Dockweiler and Will Rogers State Beaches for an intended term of 50 years. According to DBH, its interest is to have longer term agreements to provide stability in operations and the ability to seek grant improvement funds from various entities. DBH also indicates that the Legislature has discretion to approve longer contract terms. Therefore, DBH notes that SB 356 would not have a significant impact on its current negotiations with CDPR.

The Department of Parks and Recreation (DPR) indicates that the bill would provide for a voluntary shift of operational responsibility from the State to a local entity by allowing CDPR to seek viable partnerships with local agencies for the operation and maintenance of specific State park units that are subject to closure. DPR also indicates that the bill would allow local jurisdictions the opportunity to elect to operate and maintain a unit of the State Park System rather than have the facility close. DPR operates Castaic Lake State Recreation Area (SRA), Kenneth Hahn SRA, and Placerita Canyon State Park. According to DPR, it would be extremely unlikely for the CDPR to identify locally operated units for closure as these facilities are supported in their operation by the respective cities and counties and do not receive State General Fund money. DPR indicates that SB 356 would not have a significant impact on the Department.

As reported in the May 19, 2011 Sacramento Update, CDPR recently issued a list of 70 State parks to be closed as a direct result of the State Budget cuts proposed by the Governor and passed by the Legislature in March 2011. Five of the 70 State park units operated by CDPR scheduled to close are located in Los Angeles County. The affected State parks are: 1) Antelope Valley Indian Museum; 2) Los Encinos State Historic Park; 3) Pio Pico State Historic Park; 4) Saddleback Butte State Park; and 5) Santa Susana Pass State Historic Park. The Departments of Beaches and Harbors and Parks and Recreation indicate that the closure of State park units operated by CDPR may have an undetermined indirect impact on County-operated park and beach facilities and may result in increased attendance at these County facilities.

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SB 356 is supported by the California State Parks Foundation. There is no registered opposition on file. This measure was placed on the Senate Appropriations Committee suspense file on May 16, 2011.

SB 386 (Harman), which as amended on April 25, 2011, would require the California Department of Parks and Recreation (CDPR) to post on its internet website, at least 30 days prior to the closure of a unit of the State Parks System: 1) the name of the State park unit to be closed; 2) the approximate date of proposed closure; and 3) specific information on how to contact CDPR in writing if an individual or other party is interested in entering into negotiations with CDPR for a contract to lease, operate, maintain or provide concessions at a unit of the State Park System that is proposed to be closed. CDPR would be required to respond in writing to all inquiries received. The bill contains an urgency clause making it effective immediately if passed by the Legislature and signed by the Governor.

SB 386 is sponsored by the author. The bill is opposed by the American Federation of State, County and Municipal Employees. SB 386 passed the Senate Floor by a vote of 33 to 1 on May 16, 2011. This measure is currently in the Assembly Committee on Water, Parks and Wildlife awaiting a hearing date.

We will continue to keep you advised.

WTF:RA
MR:IGEA:er

c: All Department Heads
Legislative Strategist
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Coalition of County Unions
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City Managers Associations
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